

# **Indiana Long Term Care Insurance Program**

## **Quarter 3-2007 Report**

July 1, 2007 through September 30, 2007



Completed on November 8, 2007

## **QUARTERLY SUMMARY REPORT – INDIANA**

|  | <b>QUARTER 3-2007</b> | <b>TO DATE</b> |
|--|-----------------------|----------------|
| <b>Applications Received:</b>                                      | <b>1,042</b>          | <b>48,921</b>  |
| <b>Applications Denied:</b>  | 175                   | 7,536          |
| Applications Pending &<br>Withdrawn:                               | N/A                   | 500            |
| <b>Policies Purchased:</b>   | <b>722</b>            | <b>41,885</b>  |
| Policies Dropped (voluntarily & for unknown reasons*):             | 143                   | 4,315          |
| Policies Not Taken Up:<br>(dropped within 30 day free look period) | 11                    | 2,343          |
| <b>Total Policies In Force (active):</b>                           | <b>N/A</b>            | <b>34,197</b>  |
| Policyholders Who Received Service Payments:                       | <b>189</b>            | <b>507</b>     |

*\* Does not include drops reported as deaths, rescissions or exhausted benefits.*

**Indiana Long Term Care Insurance Program:  
Statistics for Quarter Ending September 30, 2007  
In Comparison To Cumulative Program Statistics**

|  | <b>Quarter ending 09-30-07</b>  | <b>Cumulative as of 09-30-07</b>  |
|--|---|---|
| <b>Total Policies Purchased</b>                      | 722   | 41,885  |
| <b>Total Policies Dropped *</b>                      | <u>200</u><br>Died 45 (22.5%)<br>Voluntarily 29 (14.5%)<br>Unknown 114 (57%)<br>Not Taken Up 11 (5.5%)<br>Exhausted Benefits 1 (0.5%)<br>Converted 0 (0%) | <u>7,688</u><br>Died 900 (11.7%)<br>Voluntarily 1,935 (25.2%)<br>Unknown 2,380 (31%)<br>Not Taken Up 2,343 (30.5%)<br>Converted 76 (1%)<br>Exhausted Benefits 51 (0.7%)<br>Rescission 2 (<1%) |
| <b>Policies Not Taken Up During 30 Day Free Look</b> |   |   |
| <b>Policies in Force</b>                             | N/A   | 34,197  |

*\*Does not include exhausted or rescissions.*

***This information was based on quarterly and cumulative policies in force.***

|   |             |                |
|---|-------------|----------------|
| <b>Nursing Home and Home Care Policies.</b> | 719 (99.6%) | 30,691 (89.7%) |
| <b>Nursing Home Only Policies</b>           | 3 (0.4%)    | 3,506 (10.3%)  |
| <b>First Time Purchasers</b>                | 710 (98.3%) | 32,430 (94.8%) |
| <b>Upgrades or Replacements</b>             | 12 ( 1.7%)  | 1,767 (5.2%)   |
| <b>Individual</b>                           | 672 (93.1%) | 32,613 (95.4%) |
| <b>Group Certificates</b>                   | 1(0.1%)     | 291(0.9%)      |
| <b>Organization Sponsored</b>               | 49 (6.8%)   | 1,293 (3.8%)   |
| <b>Male</b>                                 | 314 (43.5%) | 14,746 (43.1%) |
| <b>Female</b>                               | 408 (56.5%) | 19,451 (56.9%) |
| <b>Married</b>                              | 610 (84.5%) | 26,935 (78.8%) |
| <b>Not Married</b>                          | 109 (15.1%) | 6,898 (20.2%)  |
| <b>Unknown</b>                              | 0 (0%)      | 357 (1%)       |
| <b>Civil Union or Domestic Partner</b>      | 3 (0.4%)    | 5 (<1%)        |

# INDIANA LONG TERM CARE INSURANCE PROGRAM

## Statistical Summary

**Period: July 1, 2007 – September 30, 2007**

Report Prepared 11-08-2007

The Indiana Long Term Care Insurance Program (ILTCIP) is an innovative public/private partnership between the Indiana Medicaid Program and private long term care insurance companies, designed to help Indiana residents finance their potential long term care without fear of impoverishment. The Program began operation on May 17, 1993, with state approval of the first eight participating insurers. Actual marketing of Indiana Partnership policies by these companies began later that summer.

This report presents information for the quarter ending September 30, 2007, in the form of quarterly-specific and cumulative statistics since the Program's inception.

Highlights from this quarter include the following:

- **Policies purchased during this quarter was 722!**
- **Cumulatively, 48,921 applications have been submitted with over 41,000 policies purchased!**
- **Comprehensive policies continue to be the primary type of policy being purchased.** For example, 99.6% of all policies purchased in Q3'07 were comprehensive while only 0.4% were for nursing home only.
- Cumulatively, the number of comprehensive policies purchased has increased from 87% of all sales in (Q3'06) to 90% of all sales in (Q3'07).

**87% of policies purchased during Q3'07 qualify for Total Asset Protection. Cumulatively, 74% of all policies purchased qualify for Total Asset Protection.**

- **94% of all policies purchased have been by first time purchasers.**
- **The average age of policy purchasers is 60.51. Age range of purchasers is 18 to 89.**
- **Cumulatively, 74% of all policyholders were age 65 or under at the time of purchase.**

**Indiana Long Term Care Insurance Program**  
**Fact Sheet For Quarter 3, 2007**

**PARTICIPATING COMPANIES:**

Bankers Life and Casualty – Individual: Tax Qualified  
CUNA Mutual Life Insurance Company  
CNA –Group: Tax Qualified  
Genworth – Individual: Tax Qualified  
John Hancock – Individual: Tax Qualified  
Life Investors – Individual: Tax Qualified  
MedAmerica – Individual & Group: Tax Qualified

Metropolitan Life - Individual: Tax Qualified  
Monumental Life – Individual: Tax Qualified  
Mutual of Omaha – Individual: Tax Qualified  
Penn Treaty Network America - Individual  
State Farm – Individual: Tax Qualified  
Transamerica Occidental:Tax Qualified  
United Teachers Associates Insurance Company

Fourteen companies provided data during Quarter 3, 2007.

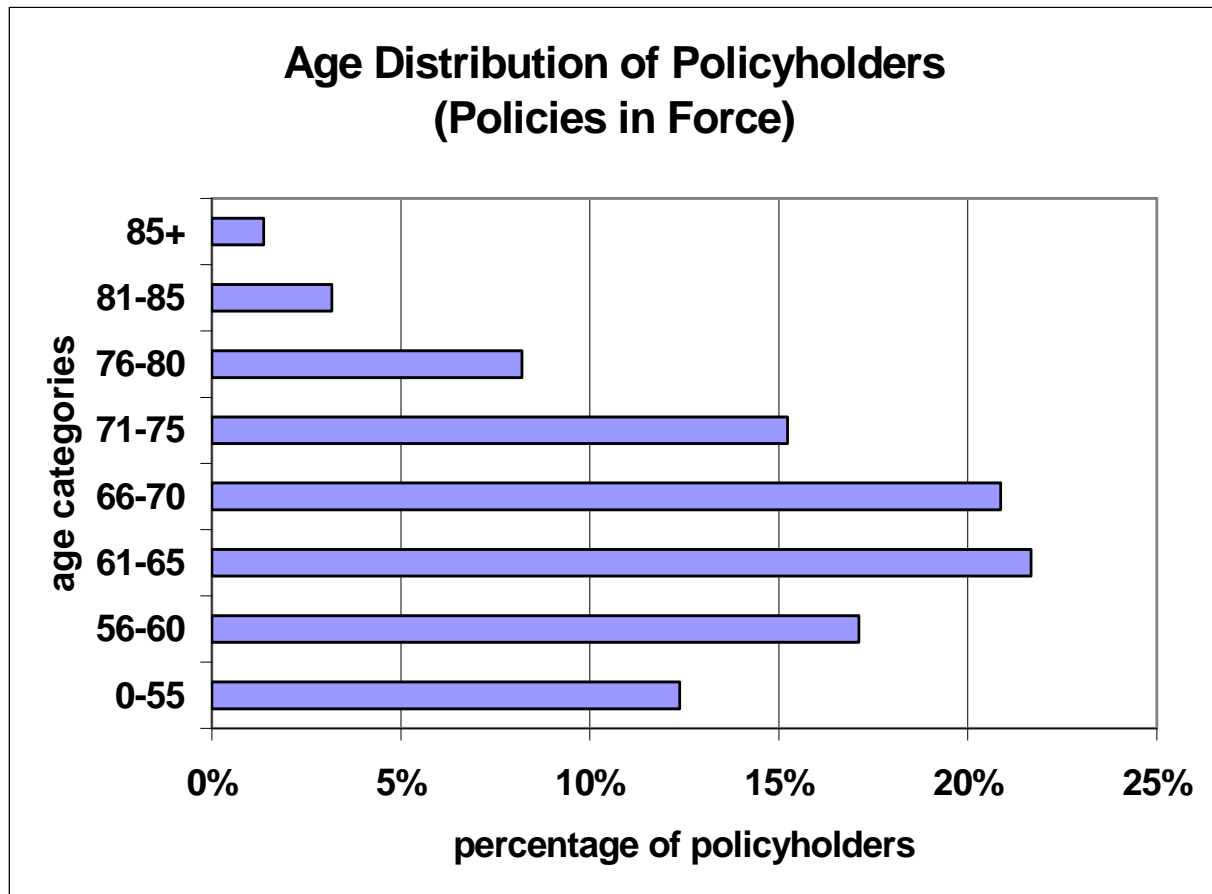
## Age Distribution of Partnership Policyholders at Time of Purchase

Age Range    Average Age

| Policy Category           | Low | High |       |
|---------------------------|-----|------|-------|
| Individual Policyholders  | 18  | 89   | 60.77 |
| Group Certificate holders | 23  | 73   | 49.59 |
| Organization Sponsored    | 19  | 84   | 56.64 |
| All Insured               | 18  | 89   | 60.51 |

## Age Distribution of Policyholders (Policies in Force)

| Age Category | Percentage of Policyholders |
|--------------|-----------------------------|
| 85+          | 1.37%                       |
| 81-85        | 3.17%                       |
| 76-80        | 8.20%                       |
| 71-75        | 15.23%                      |
| 66-70        | 20.86%                      |
| 61-65        | 21.67%                      |
| 56-60        | 17.11%                      |
| 0-55         | 12.37%                      |



### **Nursing Home Per Diem Amounts (Policies in Force):**

Average Amount: \$131.37

Mode: \$150.00 (10.88% of all purchasers)

### **Home Care Per Diem Amounts (Policies in Force):**

Average Amount: \$120.50

Mode: \$150.00 (10.04% of all purchasers)

### **Elimination Periods (Policies in Force):**

#### **Nursing Homes:**

|          |                 |
|----------|-----------------|
| 0 days   | 1,751 (5.12%)   |
| 9 days   | 1 (<1%)         |
| 15 days  | 47 (0.14%)      |
| 20 days  | 1,005 (2.94%)   |
| 30 days  | 5,324 (15.57%)  |
| 45 days  | 601 (1.76%)     |
| 50 days  | 1,792 (5.24%)   |
| 60 days  | 1,307 (3.82%)   |
| 90 days  | 11,534 (33.73%) |
| 100 days | 10,198 (29.82%) |
| 120 days | 2 (0.01%)       |
| 180 days | 635(1.86%)      |

#### **Home and Community Care:**

|          |                 |
|----------|-----------------|
| 0 days   | 12,238 (39.81%) |
| 10 days  | 3 (0.01%)       |
| 14 days  | 230 (0.75%)     |
| 15 days  | 30 (0.10%)      |
| 20 days  | 815 (2.65%)     |
| 30 days  | 4,104 (13.35%)  |
| 45 days  | 596 (1.94%)     |
| 50days   | 25 (0.08%)      |
| 60 days  | 929 (3.02%)     |
| 90 days  | 7,640 (24.85%)  |
| 100 days | 3,594 (11.69%)  |
| 180 days | 535 (1.74%)     |

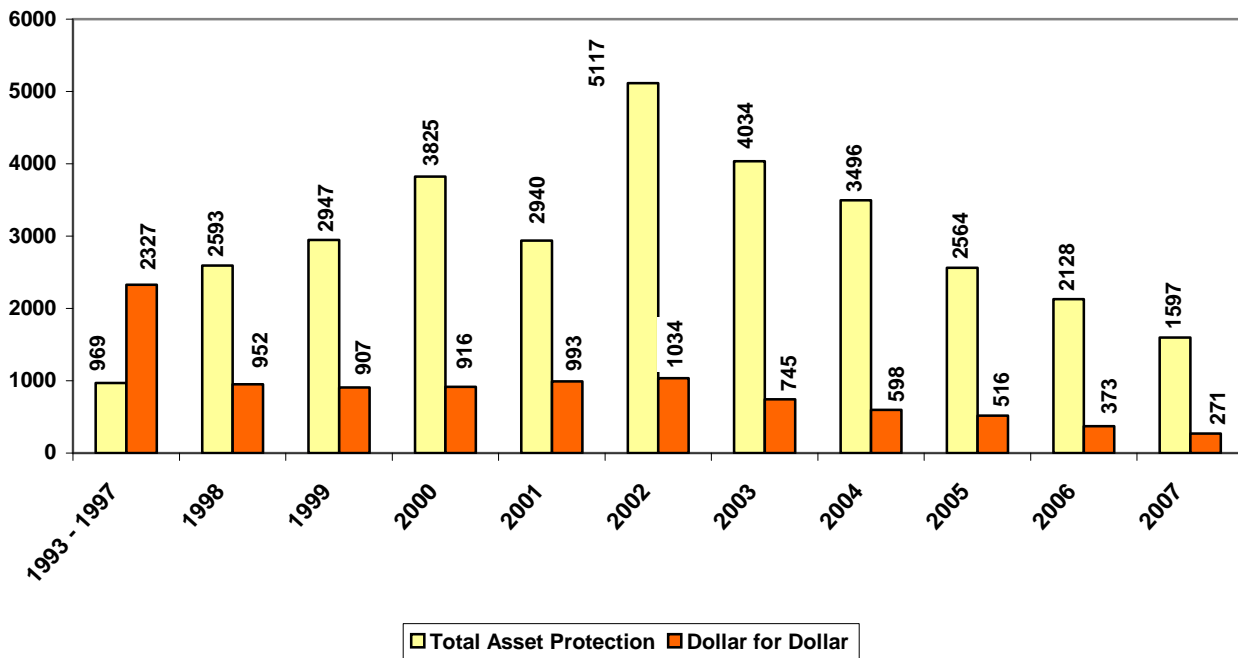
#### **Riders:**

|                             |     |         |
|-----------------------------|-----|---------|
| Non-Forfeiture              | 142 | (0.34%) |
| Restoration of Benefits     | 437 | (1.04%) |
| Spousal Benefit Enhancement | 580 | (1.38%) |
| Other Riders                | 815 | (1.95%) |

## **Asset Protection Type at Initial Policy Purchase By Policy Effective Date**

| <b>Quarter 3-2007</b>                | <b>Cumulative at Time of Purchase</b> |
|--------------------------------------|---------------------------------------|
| Policies Purchased by Quarter        | 722                                   |
| Policies Purchased by Cumulative     | 41,855                                |
| Total Asset Protection by Quarter    | 627                                   |
| Total Asset Protection by Cumulative | 32,703                                |
| Dollar for Dollar by Quarter         | 76                                    |
| Dollar for Dollar by Cumulative      | 9,187                                 |

**Asset Protection Type at Initial Purchase**



\*Total Asset Protection became available 3-12-98 & grand fathered in those policies with coverage at initial purchase equal to or greater than state-set-dollar amount for 1998.



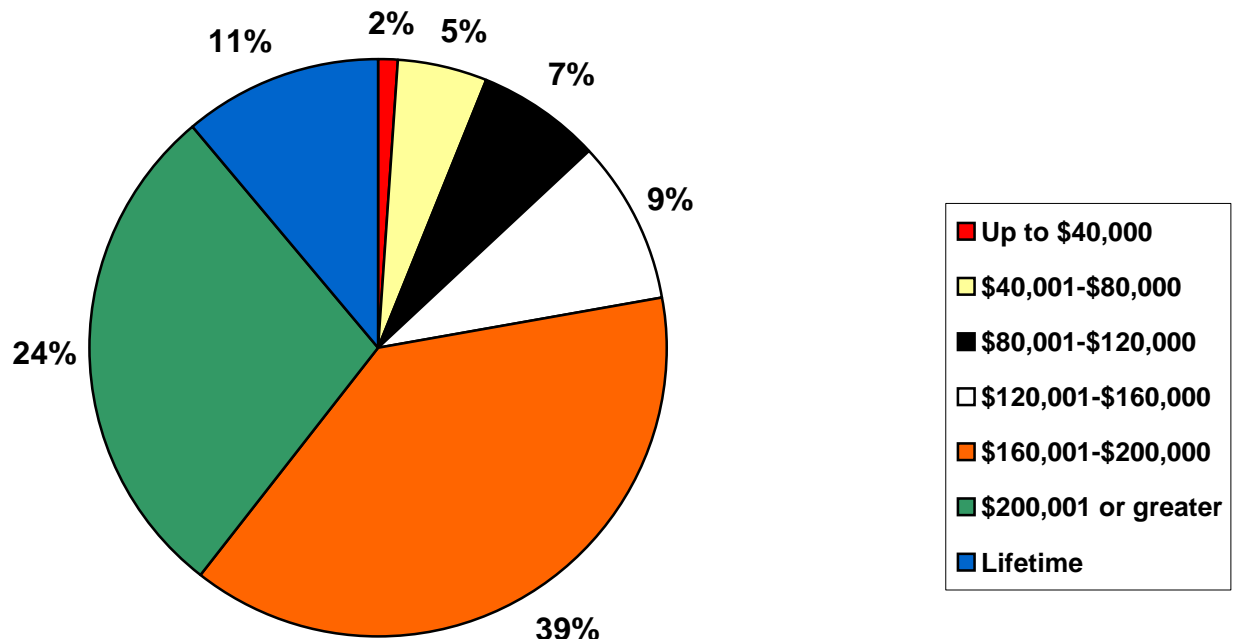
### Maximum Policy Amount of Policies in Force:

**Range:** \$21,977 - \$6,504,300 (plus 3,809 lifetime policies)

**Average amount:** \$188,556 (not including lifetime policies)

### **Maximum Benefit Amounts Selected By All Purchasers (Policies in Force)**

| Maximum Benefit Amount at Time of Purchase | Approx:   | All Purchasers |
|--|-----------|----------------|
| Up to \$40,000                             | (1 yr)    | 424 (1.2%)     |
| \$40,001 - \$80,000                        | (2 yrs)   | 1,688 (4.9%)   |
| \$80,001 - \$120,000                       | (3 yrs)   | 2,386 (7%)     |
| \$120,001 - \$160,000                      | (4 yrs)   | 3,132 (9.2%)   |
| \$160,001 - \$200,000                      | (5 yrs)   | 13,061 (38.2%) |
| \$200,001 or greater (excluding lifetime)  | (6 yrs +) | 9,697 (28.4%)  |
| Lifetime Policies                          |           | 3,809 (11.1%)  |



# **Policyholders in Benefit Information as of September 30, 2007**

## **Benefit Status**

|   |     |
|---|-----|
| Number of policyholders, to date, who have received benefit payments. | 507 |
| Number of policyholders in benefit as of Quarter 3, 2007.             | 189 |
| Number of policyholders that received benefits and have died.         | 145 |

|   |                 |
|---|-----------------|
| Asset protection earned by policyholders to date.                                       | \$22,754,600.54 |
| Asset protection earned to date that will not be accessed (policyholders who have died) | \$3,987,952.67  |

## **Service Utilization**

| <b>Type of Service*</b> (other than case management) | <b>% of Total Claimants by Type of Service **</b> |
|--|---|
| Nursing Home Care                                    | 70.33%  |
| Home Health Aide – hourly care                       | 6.85%   |
| Home Health Aide – daily care                        | 9.96%   |
| Attendant Care                                       | 0.41%   |
| Other Institutional                                  | 0%  |
| Hospital Bed Hold                                    | 15.15%  |
| Assisted Living                                      | 20.75%  |
| Adult Day Care                                       | 2.07%   |
| Personal Care  | 6.22%   |
| Alternate Level of Care                              | 0.83%   |

\*These categories are not mutually exclusive, therefore, percents shown will not total 100.

\*\*This is the cumulative status of all claimants. The status and percent (%) will change as the claimant's status changes.

**CLAIMANT PROFILE**  
**Cumulative Aggregate of All Policyholders Who Used Benefits**  
**As of September 30, 2007**

|  |                          |         |
|--|--------------------------|---------|
| Gender                                     | Female                   | 66.3%   |
|  | Male                     | 33.7%   |
| Marital Status                             | Not Married              | 43.2%   |
|  | Married                  | 52.5%   |
|  | Unknown                  | 5.1%    |
| Average Age At The Time Of Policy Purchase |                          | 60.07   |
| Average Age At The Time Of Claim           |                          | 77.26   |
| Age Range At Time Of Claim                 | Range =                  | 44 – 96 |
|  | Mean =                   | 77.26   |
|  | Median =                 | 78      |
| Policy Type Owned:                         | Nursing Home Only        | 27.3%   |
|  | Nursing Home & Home Care | 73.1%   |

Average time elapsed between purchase date and claim date was 73.56 months (6.13 years)